

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

FARMERS RURAL ELECTRIC COOPERATIVE)	
CORPORATION'S PROPOSED TARIFF TO)	CASE NO. 92-156
REVISE ITS STREET LIGHTING SERVICE)	

O R D E R

On April 1, 1992, Farmers Rural Electric Cooperative Corporation ("Farmers") filed its notice with the Commission proposing to implement a new street lighting service tariff, Schedule SL effective May 1, 1992. The proposed tariff would establish rates for any prospective federal, state, or local governmental agency desiring Farmers to provide street lighting service in areas under said agency's jurisdiction and located within Farmers' service territory.

On April 21, 1992, the Commission found that further proceedings were necessary to determine the reasonableness of Farmers' proposed tariff and suspended the effective date for a period of five months from May 1, 1992. On May 21, 1992, the Commission requested additional information from Farmers. This information was provided on July 1, 1992.

According to Farmers, the type of facilities required for street lighting service varies greatly from project to project depending on local codes, regulations, and customer preferences. The proposed tariff would allow Farmers to be responsive to these needs and preferences without requiring a contribution-in-aid of

construction. Schedule SL is modeled after lighting tariffs in use by distributors receiving power from the Tennessee Valley Authority. The monthly rate for service is a two-part rate composed of an energy charge and a facility charge.

The energy charge component of the monthly rate is a pass-through of Farmers' wholesale power costs from its supplier, East Kentucky Power Cooperative, Inc., and is computed to be \$0.037 per kWh. This charge is consistent with that of other lighting tariffs approved by this Commission.

The facility charge component is used to recover the expenses associated with the plant investment necessary to make service available. A separate utility plant sub-account will be maintained for each schedule SL customer. A facility charge rate of 1.14 percent will be applied to the month-ending balance of each sub-account to arrive at the facility charge component of the monthly rate. The facility charge rate is computed, based on Farmers' 1991 actual costs, to recover operation, maintenance, administrative and general expenses, taxes, depreciation, and return. The rate will be reviewed annually but requires Commission approval to change.

The facility charge is a departure from the average embedded cost used for pricing other utility services. Farmers maintains that because numerous types of street lighting fixtures, poles and hardware are available, a more flexible pricing structure is needed rather than a street lighting rate based on the embedded

cost of a standard set of poles, fixtures and hardware. While other jurisdictional utilities might require a front-end contribution-in-aid of construction, Farmers views street lighting projects as community and economic development programs and reflects this philosophy in its proposed rate design. Farmers believes it can offer the proposed service without the need for additional financing and maintain its financial integrity. The Commission finds that the facility charge is reasonable in lieu of a contribution-in-aid of construction by government agencies.

While the proposed Schedule SL will create greater flexibility for Farmers to meet its customers' preferences, the Commission urges the Cooperative to emphasize and promote energy efficiency. When planning new lighting system to be served under Schedule SL, Farmers should encourage the use of the most energy efficient equipment.

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that the rates, terms, and conditions for street lighting service under Schedule SL set out in Appendix A to this Order are fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. Farmers' proposed street lighting service - Schedule SL be and it hereby is approved effective on and after the date of this Order.

2. The rates and charges set forth in Appendix A, which is attached hereto and incorporated herein, be and they hereby are approved effective on and after the date of this Order.

3. Within 30 days from the date of this Order, Farmers shall file with the Commission its revised tariff sheets setting out the rates and tariff provisions approved herein.

4. Any change to the facility charge rate of 1.14 percent shall be subject to Commission approval.

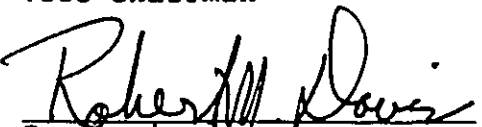
5. Beginning January 31, 1993 and annually thereafter, Farmers shall file with the Commission a report detailing, for each month of the reporting period, the month-ending balance of each utility plant sub-account maintained pursuant to Schedule SL. The initial report shall cover the period from the date of this Order to December 31, 1992. Thereafter, the reporting period shall be twelve calendar months.

Done at Frankfort, Kentucky, this 8th day of September, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 92-156 DATED September 8, 1992

The following rates and charges are prescribed for the customers in the area served by Farmers Rural Electric Cooperative Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Street Lighting Service - Schedule SL

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to federal, state and local governmental agencies for dusk to dawn street lighting subject to established rules and regulations.

TYPE OF SERVICE: Automatic dusk to dawn lighting systems, single phase, 60 cycles, at available secondary voltages.

MONTHLY RATE:

Energy Charge - The monthly energy charge for each type of lamp shall be \$0.03700 per rated kWh per month as determined from Table I below:

TABLE I

Type of Lamp	----Lamp Size----		Rated kWh
	(Watts)	(Lumens)	
Mercury Vapor	175	7,650	70
Mercury Vapor	250	10,400	98
Mercury Vapor	400	19,100	156
High Pressure Sodium	100	8,550	42
High Pressure Sodium	250	23,000	105
High Pressure Sodium	400	45,000	165
High Pressure Sodium	1,000	126,000	385

Facility Charge - The books of the Cooperative shall accurately reflect the Cooperative's total investment in facilities for each specific agency receiving service under this tariff. The monthly facility charge for a given agency shall be 1.14 percent of said total investment.

FUEL ADJUSTMENT CLAUSE: All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kWh as billed by the wholesale power supplier plus an allowance for line losses. The allowance for line losses will not exceed 10 percent and is based on a twelve-month moving average of such losses. This Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

TIME OF PAYMENT: The rates stated are net. In the event the current monthly bill is not paid by the 15th of the month, the charges for the current month shall be increased by 5 percent.

LAMP REPLACEMENTS: The Cooperative will bear the costs of normal repairs and replacements. In the event of loss or damage caused by vandalism to the Cooperative's facilities, the Cooperative will bear the costs of repairing or replacing said facilities once within any 12 month period. If the facilities are damaged again within said period, repairs or replacements will not be made unless the Consumer bears the costs.